



IMPACTS REPORT FOR 1998

JLARC'S Work Is Responsive And Useful

JLARC performance audits, program evaluations, sunset reviews, and other studies conducted in 1998 make 110 recommendations aimed at improving performance in state government. These recommendations identify possible biennial cost savings of **\$26 million**. Of the 110 recommendations, 90 were directed to audited agencies, 20 were directed to the legislature.

JLARC'S Work Increases Accountability

Potential biennial savings of **\$126 million** were identified in 1998 through JLARC's follow-up to its study of the state's Nursing Home Reimbursement System and performance audits of the Juvenile Rehabilitation Administration's and Department of Corrections' Capacity Planning Processes. Highlights on pages 3 and 4.

1998 Studies

► *Potential Savings of \$21.8 Million in Transportation Audits*

\$12 million could be gained through improvements in how highway and rail construction and maintenance efforts are undertaken and managed at Washington's Department of Transportation (DOT). Improvements in management, operations, and performance of the Washington State Ferries (WSF) could save an additional \$9.8 million.

► *Possible Savings of \$3.1 Million from Department of Corrections (DOC) Performance Audit Report*

DOC shows positive performance in its overall management and operations yet can continue making improvements, according to a JLARC performance audit. Savings attributable to these JLARC findings could add up to \$1.9 million in 1999-2001, including \$637,000 in annual efficiencies in food services at correctional institutions.

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► *Audit of Workers' Compensation System Recommends Changes*

JLARC's performance audit of Washington's Workers' Compensation System recommended changes in: 1) the structure of the system; 2) the organization of claims management; 3) the dispute resolution process; 4) the provision of vocational rehabilitation services; 5) the promotion of workplace safety; and 6) the methods used to set workers' compensation premiums. Washington's Department of Labor and Industries (L&I) will work with its advisory committee of labor and employers to consider the 32 recommendations in the study. The study team was led by Ed Welch, a national expert in workers' compensation, from Michigan State University.

► *Evaluation of WorkFirst—Washington's Welfare Reform*

What the legislature intended to take place in WorkFirst has mostly been met in the early phases—mandatory client participation, sanctions for non-participation, caseload reduction, regional planning, child care, teen parenting education, outreach to clients, and tribal participation. JLARC found both strengths and weaknesses as WorkFirst gears up for full operation. Improvements in inter-agency coordination, planning, and performance-based contracting can be made.

► *Washington's Certificate of Need Reviewed*

This study found that Certificate of Need (CON) has **not** controlled overall health care spending or hospital costs, and found either conflicting or limited evidence about its effects on costs, quality, and availability of non-hospital services. CON, administered by the Department of Health, is a regulatory process that controls entry into and expansion of certain acute and long-term health care services. Policy options include: 1) reforming CON; 2) repealing CON; and 3) conducting economic studies. There was little support for leaving the current CON as is. The Health Policy Analysis Program at the University of Washington, under contract to JLARC, did this legislatively mandated study.

► *Costs and Benefits of Corrections' Dairy Farm*

JLARC's cost/benefit analysis showed that the costs of operating the DOC dairy farm exceed the *quantified* benefits. Additionally, the \$1.2 million cost of a new animal waste lagoon is high and is not supported by the economics of the farm. JLARC recommends that operating revenues generated by the farm support future capital expenditures. However, JLARC did not recommend moving or discontinuing the operations of the farm at this time, because capital expenditures already spent would not be recovered if the farm is closed or moved.

► *Jobs For The Environment: Assessing Impact Recommended*

Jobs for the Environment (JFE) originated in the Environmental Restoration Jobs Act of 1993. Restoration projects are to improve water and habitat quality, and contribute to economic stability in targeted, natural resource dependent areas of Washington. JLARC found that JFE has complied with legislative intent and recommends that the Department of Natural Resources suggest a plan to measure JFE's impact and set priorities for program needs, as well as benchmarks for program cost-effectiveness.

What is a “**Sunset Review?**” JLARC conducts sunset reviews on compliance with legislative intent, cost-effectiveness and efficiency, accomplishment of established goals, and non-duplication of program services. (*See RCW 43.131*) “Sunset dates” can be established in statutes for state programs, services, and agencies. JLARC recently completed sunset reviews of the Department of Ecology’s Permit Assistance Center and the Washington Conservation Corps.

► ***JLARC Sunset Reviews***

JLARC concluded that the Department of Ecology’s **Permit Assistance Center** (PAC) provides a useful service and recommended that its enabling legislation be reauthorized. JLARC suggested changes in the Center’s reporting requirements to yield more useful information, as well as the development of limited strategic planning and performance measurement processes.

JLARC found that the **Washington Conservation Corps** (WCC) provides beneficial services and recommended its continuation with modifications. JLARC asked the four state agencies involved to assess whether WCC should target certain geographical areas and whether the legislature should dedicate any portion of the general fund for such targeted efforts.

JLARC Study Follow-up Activities in 1998

► ***JLARC’s Nursing Home Reimbursement Study Can Result in Savings of \$50 Million Per Year***

JLARC’s 1994 study of the state’s Nursing Home Reimbursement System aided the legislature to repeal the existing reimbursement system effective July 1998 and direct the Department of Social and Health Services, in consultation with JLARC, to develop a new system. During the 1998 Session, the legislature approved this new system. The legislature took steps to control payment rate growth, slowing it from 10 percent to less than 5 percent. The *ongoing* fiscal impact of the JLARC report can be as much as \$50 million per year.

► ***Continued Savings from Audit of Juvenile Rehabilitation Capacity Planning***

Follow-up on JLARC’s 1997 performance audit of the Juvenile Rehabilitation Administration’s (JRA) Capacity Planning Process reveals a one-time cost savings of approximately \$7 million. This can be attributed directly or indirectly to the audit recommendations JRA has either implemented or is in the process of implementing. Additional biennial savings of \$7 million from capital investments are also possible if JLARC’s recommendations are implemented.

NEW LEGISLATIVE AUDITOR

The Committee appointed Tom Sykes as its Legislative Auditor, effective September 1998. Tom previously worked at the Higher Education Coordinating Board and the Washington State Institute for Public Policy. He replaces Cheryle Broom who is now at the Metropolitan Transportation Authority in New York City.

► ***More Savings from JLARC Report on Department of Corrections Capacity Planning***

In a follow-up status report to JLARC, the Department of Corrections indicated that it will generate over \$12 million in savings attributable to JLARC's 1993 recommendations as well as use of the JLARC-developed capital cost model. Savings would be realized by: 1) replacing some of its most inefficient facilities (\$6 million); 2) making better use of existing facilities (\$2.5 million); 3) consolidating some operations (\$3 million); and 4) refining the method it uses to provide for custody relief staffing (\$0.7 million).

What's Ahead for JLARC in 1999?

JLARC has also completed these studies in 1999: performance audits of the **Department of Licensing** and the **Washington State Patrol**, a follow-up of the **Washington State Ferry System** performance audit, a management audit of the **Division of Developmental Disabilities**, and a study of **Quality Assurance of In-Home Care Services**. Summaries and full reports of these studies may be viewed at our Internet website at <http://jlarc.leg.wa.gov>.

► ***Studies Currently In Progress***

Evaluation of WorkFirst—Washington's Welfare Reform – Next phase of the evaluation will analyze outcomes of various treatments for welfare recipients in WorkFirst. Other phases to follow include a net-impact study, a cost-benefit study, and phase two of the process study. (Next report scheduled for June 1999.)

K-12 Education Finance Study – Study is examining patterns of expenditures as well as staffing and student characteristics in each district and in individual schools from a sample of districts. The availability of data needed to analyze the allocation of resources in districts and schools will be assessed. (Preliminary report scheduled for June 1999.)

Upcoming Studies for '99

Evaluation of the Effect of Involuntary Commitments
Mental Health Public Safety Commitments
Linked Deposit Program Sunset
Rural Natural Resource Impact Areas Sunset
Horse Racing Parimutuel Tax Sunset
Impact of Full Card Simulcasting on Horse Racing Industry

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